IMC plan for coca cola in china

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IMC Plan for Coca-Cola in China

Executive Summary

Marketing is an imperative attribute on improving the sales, loyalty, trust, and reliability of product’s sales. Essentially, the sales of productions are affected heavily by the strategies applied on the marketing techniques in order to reach the highest number of people being targeted. In a bid to understand this imperative role of marketing being handled within the business progress, this analysis evaluates the marketing strategies applied by Coca-Cola Company in its endeavors to supply its target market with quantities of their products in China. The subject analysis seeks to review the implementations of budgetary and strategic management on all levels of marketing that can lay a sustainable base for the sales of their products and to increase awareness. The techniques do not only review such common ways of marketing as advertising, but also assess the tactical approaches involving product promotions through the use of credit cards. Primarily, the integrated marketing communication (IMC) plan commences through laying profound arguments about the basic sub-branding of this product. This aspect refers to the discussion of such factors as imaging, segmentation, branding, SWOT analysis, and competition among other fundamental aspects.

Industry Analysis and Competitive Analysis

In China, the coca-cola company functions within the Chinese Food and Beverage industry that depicts a substantial growth rate as exemplified by the 30% growth from 2006 to 2012. In fact, figure 1 shows an analysis of growth from the F&B industry since 1991.
This evident advancement is precarious when there are many companies taking sizable interest in the delivery of similar products. Factually, competitive markets provide ardent, reliable, and sensitive managerial direction based on quality improvement and sponsor of the competitors’ strategies. This factor implies that a competitive company must invest properly in the quality of products in a bid to attain a dependable loyalty. Whereas this fundamental approach has been laid within the industry, barriers of business prowess are seemingly inevitable, and their presence is beyond reproach. 23 out of the 646 sub-brands of Coca-Cola distributed globally are supplied to the Chinese markets where they compete with other products from such re-known companies as Pepsi, Jiangxi Runtian Beverage, and Unilever among others. Supplement and compliment good are evident within the Chinese market, which leads to the sharing of the china beverage industry as stipulated within the figure 2. It shows some of the primary products sold within the industry and the efforts of the subject company in this business. The most dominant companies pay attention in the delivery of carbonated soft drinks, canned and bottled water, tea, and coffee among other beverages.
Figure 2: Coca-Cola’s share in beverages categories

The Coca-Cola brand shares the largest market in the sales of soft drinks within China.

Figure 3 shows the proportion of the market as shared among the various supplementary or complimentary competitors from the beverages industry. The major threat to Coca-Cola Company is its competitor Groupe Danone. Other competing companies within the industry are Pepsi, Tingyi and Unilever among others. A comparison between some of these major companies is displayed in figure 3.
Figure 3: Market share of beverages within the industry in 2013

Apart from the analysis of competitors and the strategic situation within the company as described above, intercompany analysis of industry competitions can be realized in figure 4.

**Brand Market Share and Share of Voice**

![Brand Market Share and Share of Voice Diagram]

Figure 4: Brand market share and loyalty
The figure 2 shows how the market and loyalty of customers have been shared between Coca-Cola and other companies within the industry in China. The market is very competitive because of the presence of global and local brands.

**Corporate Imaging and Brand Positioning**

Coca-Cola has a well-established brand name with loyal customers across China. The brand has been patented for beverages and sale of other related drinking products. The popularity of the brand is cultivated by the delivery of quality product. In fact, the establishment of the brand arose at a time when there were few companies offering the same products. Therefore, most people had managed to familiarize with Coca-Cola. When the sole domination is conjoined with quality, people were able to trust the producer and use the commodity. The overall perceived image after mentioning the term Coca-Cola is the perception of soft beverages. This perception has been developed through progressive marketing and advertisements as well as involvement of the public in credit card launching. In fact, the involvement of the public in such events as credit scores is vital (Lowe & Barnes 2012).

**Segmentation and Targeting**

The segmentation of Coca-Cola Company in order to provide substantive access to customers is evident. In this regard, the broadest segmentation apparent in connection to the industry involves the region where Coca-Cola operates in China. However, there are further consumer market segmentations that are regional in nature. However, coca cola will divide customers into 2 categories individuals and businesses such as fast food chains.

For individuals since China has largest population in the world we will use Nielsen Urbanization method where we will divide cities based on their density percentage. Basis of segmentation are 1- urban (80%-99% density) 2- suburban (40%-90%). 3- town & rural (>
40%) and for that we will target only rural cities which means major cities like being and hong kong.

For business to business we have chosen fast food chain and wesegment them based on their size and we will target the top three.

![Chinese fast-food market shares 2012 (% of food service value)](chart.png)

Based on the figure above the targeted fast food chains will be Yum! brands co, MacDonald’s and Ting Hsin international group.

**Customer analysis and profiles**

Since our product is Mass we will look for certain criteria in individuals hat should be present include:

1. High and occasional purchases of meals with Coca-Cola products
2. Little variation in purchasing location (i.e. Continuous patronage of the same restaurants)
3. High amounts of purchases of soft drinks
Our primary concentration will be on young youth since they have the above conditions.

**P.E.S.T Analysis**

<table>
<thead>
<tr>
<th>Political</th>
<th>Economical</th>
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<tr>
<td>The government of China was not satisfied with the quality and safety of the food. They decided to re-evaluate various production factories. This is an opportunity for Coca Cola because it makes them revise its factories, improving conditions and practices.</td>
<td>The economical deficit worldwide is affecting Coca Cola because the purchasing power is decreasing. Thanks to this, Coca Cola will lower prices to compete by making Coca Cola a better option in price. This will allow consumers to buy products for the same price.</td>
<td>There is more people living in URBAN cities than in RURAL areas, since they are earning more income Coca Cola has an opportunity to sell more products.</td>
<td>Coca Cola is studying Sodastream International to innovate their carbonation system to make it more environmentally friendly and cheaper.</td>
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SOURCE : SLIDE SHARE (Analysis of Coca Cola in China)

**Setting Objectives**

**IMC Objectives**

Our over all objective is to increase our sales by 8% in 2015

1- for individuals is to Increase brand awareness by 65% through encouraging first time trial by end of 2015.

2- for our fast food chains is to win at least 2 contracts before the end of the year.
Agency selection

Agencies are not needed since the entirety of promotion campaign is handled within the company through giveaways mostly and sponsoring and banks that are part of the promotional activities.

Developing Corporate Strategies

Media distribution and planning

The media distribution and planning strategy for this advertising campaign focuses on the Coca-Cola giveaway and concerts as a means of drawing media attention towards the Coca-Cola credit card. Furthermore, banks will send flyers to their customers in the envelopes containing their monthly credit card bills advertising the Coca-Cola card as well.

Evaluation metrics/ KPIs

In order to determine how well Coca-Cola was able to meet its market objectives, sufficient market research could be conducted. First, it will be necessary to examine whether the company was able to increase the coke consumption of its target clients after six months period. This examination may be done by assessing the credit histories associated with the card and evaluating the amount of Coca-Cola products purchased as meals (Liu, Cheng & Ni 2011). Thereafter, an evaluation should be conducted to determine how many current subscribers are present in the Coca-Cola credit card program versus the number of estimated users within the launching regions. Therefore, the degree of market penetration, usage, and Coca-Cola’s ability to meet its market objectives would be possible after combining both data sets.

Promotional Tools

Sponsorship Programs

We will sponsor main musical concerts such as Music Festival in Honor of Confucius (MFHC) and important sport events like the Olympics.
Personal selling

Personal selling will be our approach to reach our business customers since they are few and easy to reach.

Direct Marketing

Advertising and promoting the Coca-Cola credit card will involve three specific strategies: direct consumer invitation, targeted commercials, and press releases for the public. In the first strategy, the Coca-Cola Company will copy the current method of credit card promotion utilized by various banks by sending specific invitations to select customers via mail. These invitations will include a summary of the benefits the card would give to the consumer, how much it would cost them per year to maintain, and the selection of stores that they can link to the card. A number of email addresses will be placed on the invitation that the customer can use in order to directly contact the affiliated bank and facilitate the transaction at a later date.

Coca cola credit card

The Coca-Cola Company is releasing its new credit card in an attempt to capitalize the increased number of sales. These cards are attained either by applying at the local bank or through the online bank website. The cards are emblazoned with the company’s logo giving the eligible bank clients an opportunity to choose the establishments they would like to link with their card. Whereas this factor boosts the competitive and loyal nature of customers, other strategies involve promotion, quality improvement and decrement in the prices of products (Crespo-Almendros & Del Barrio-García 2014). However, the cards enable the company to avail special discounts after purchasing beverages from the Coca-Cola brand.
**Digital marketing**

The application of internet to the marketing of coca cola brands is prevalent. Essentially, these sales have been facilitated by advertisements on the social media and other online websites or search engines (Crespo-Almendros & Del Barrio-García, 2014). The sites used are Chinese social networks such as Renren network as central hub where buyres view share and like posts(similar to FB). Sina Weibo (literally, “Sina microblog”) equivalent to twitter where customer care can respond and inform customers because Facebook and twitter are banned. The ads are done through the use of digital media including pictures and video to inform the public.

**Event marketing**

Marketing the event will be straightforward since the company will setup various posters and use local television advertisements in order to broadcast the free concerts and giveaways at a certain location. During the event, the various attending pop stars and idols will promote Coca-Cola as a product and give their recommendations regarding the new Coca-Cola credit card that consumers can avail. Both methods of marketing should lead to a considerable level of public interest, especially when considering that the prizes will range from free Coca-Cola products to iPads, iPhones, cars, and fully paid international vacations. These promotions will entice the consumers more and lead to more inquiries of the card.

**Outdoor advertising**

Public transportation and billboards are used to inform people where are the concerts or the giveaways are

**Implementation Process**

Promotional tools should be instilled properly according to the real organizational plans. The process commences with the distribution of products throughout the state where
promotional techniques are incorporated. The order of promotion strategies may be gifts under the lids, giveaways, concerts, digital marketing and events.

connected ideas.

**Timeline**

Our plan will take one year from 1 JAN of 2015 until DEC31 of 2015

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billboards are first 5 months just to inform people about our giveaways samples and our new credit card and used for last 3 months just to remind people of our brand. The use of digital media is through the whole year since the cost is almost nothing. The use of mass media Tvs and newspaper is bit costly so it will be used only in the beginning. Free samples will be only half of the year because we saw that is enough to make people aware of our existence .public transportation and sponsoring will be during summer vacation since density will increase in rural areas .

the launch of the credit card will start at the second half if the year because of the long process needed to sign contracts with banks and to send flyers to customers.

**Budget**

The total budget for the project is estimated at $19,600,000

- Cost components:
1- credit card = $1000000 (from us model)

2- Ads through mass media = AVG of $6867.7552 USD For 15 sec ad (90
* $6867.7552) = approx. $618000

3- free samples = $1800000

cost of 1 drink = around 40 cent

amount to be distributed = (5 cities * 180 days * 50000 units) = $45,00,000
References


